

## Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ISO-00 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-02 COME-00 DODE-00 FEA-02 FPC-01 H-03

INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 AGR-20 DRC-01

TAR-02 /187 W

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R 111801Z APR 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 1766

INFO AMEMBASSY LONDON

AMEMBASSY THE HAGUE

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY BRUSSELS

AMEMBASSY LUXEMBOURG

USMISSION EC BRUSSELS

AMEMBASSY TOKYO

C O N F I D E N T I A L SECTION 01 OF 02 BONN 05949

E.O. 11652: GDS

TAGS: ECON, ETRD, GW

SUBJECT: COMMODITY SUPPLY PROBLEMS

REF: STATE 69651 (NOTAL)

1. IN NOVEMBER 1973 THE FRG ESTABLISHED AN INTER-MINISTERIAL RAW MATERIALS POLICY COMMITTEE AT THE STATE SECRETARY LEVEL. THE COMMITTEE WAS ESTABLISHED AS A REACTION TO THE OIL CRISIS AND AS ONE SOURCE PUT IT "BECAUSE A LOT OF HIGH LEVEL OFFICIALS HAD A FIXATION WITH RAW MATERIALS". ITS PRIMARY FOCUS OF  
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HAS BEEN DIRECTED TO THE SAME ISSUES DISCUSSED IN

REFTEL I.E. THE THREAT OF CONCERTED PRODUCER COUNTRY ACTIONS TO COORDINATE PRICE OR SUPPLY POLICIES OF RAW MATERIALS TO THE DETRIMENT OF CONSUMER NATIONS. THE COMMITTEE'S MANDATE EXTENDS TO NON-ENERGY MINERALS AND NON-FOOD AGRICULTURAL PRODUCTS.

2. EMBOFF DISCUSSED THE WORK OF THIS COMMITTEE WITH PASDACH (ECONOMICS MINISTRY) WHO HAS PARTICIPATED IN THE WORK OF AN INTER-MINISTERIAL WORKING GROUP SET UP TO STAFF THE COMMITTEE. ACCORDING TO PASDACH, THE COMMITTEE HAS NOT YET REACHED ANY CONCLUSIONS. THERE HAVE BEEN NUMEROUS INTER-MINISTERIAL MEETINGS AND PAPERS PREPARED AT THE WORKING LEVEL AND THE STATE SECRETARIES THEMSELVES HAVE MET AND DISCUSSED THE ISSUES. THERE REMAINS WIDE DISAGREEMENT WITHIN AND AMONG THE SEPARATE MINISTRIES ON THE BASIC QUESTION OF THE EXISTENCE AND THE NATURE OF THE THREAT OF CONCERTED PRODUCER COUNTRY ACTIONS.

3. AT THE COMMITTEE'S REQUEST THE INTER-MINISTERIAL WORKING GROUP PREPARED A LIST OF PRODUCTS WHICH FORMS THE BASIS OF THE ANALYSIS OF THE NATURE AND SCOPE OF THE PRESUMED THREAT. THIS LIST WAS PREPARED SOLELY ON THE BASIS OF QUANTATIVE ANALYSIS OF THE DEGREE OF GERMAN DEPENDENCY ON IMPORTS FOR ITS SUPPLIES OF CERTAIN PRODUCTS. PASDACH SAID HE WAS UNDER STRICT INSTRUCTIONS NOT TO GIVE OUT A COPY OF THE LIST BUT HE DID NOT DISPUTE THE ACCURACY OF A NEWSPAPER ARTICLE STATING THAT IT INCLUDED COPPER, TIN, NICKEL, BAUXITE, PHOSPHATE, LEAD AND ZINC AMONG OTHER PRODUCTS. PASDACH SAID THAT THERE HAS BEEN CONSIDERABLE DISCUSSION ABOUT THE PURPOSE OF THE LIST ABOUT WHETHER IT IS THE RIGHT LIST, WHETHER IT CONTAINS TOO FEW PRODUCTS OR TOO MANY, BUT THERE HAS BEEN LITTLE PROGRESS MADE IN REFINING IT.

4. THE WORKING GROUP WAS ALSO INSTRUCTED TO CATEGORIZE THE COMMODITIES BY RELIABILITY OF THE SUPPLIER COUNTRIES. PASDACH STATES THAT THIS IS

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TAR-02 /187 W

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R 111801Z APR 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 1767

INFO AMEMBASSY LONDON

AMEMBASSY THE HAGUE

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AMEMBASSY DUBLIN

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C O N F I D E N T I A L SECTION 02 OF 02 BONN 05949

A VERY CONTROVERSIAL SUBJECT AND LITTLE PROGRESS  
HAS BEEN MADE IN THIS DIRECTION EITHER.

5. ACCORDING TO PASDACH, THE COMMITTEE DISCUSSED  
MEASURES THAT MIGHT BE ADOPTED TO COUNTERACT THE  
PRODUCERS' ACTIONS. IT REACHED THE GENERAL  
CONCLUSION THAT LITTLE COULD BE DONE DIRECTLY ON  
THE PRICE SIDE BUT THAT MEASURES TAKEN ON THE SUPPLY  
SIDE WOULD HAVE THEIR EFFECTS ON PRICES. THE WORKING  
GROUP PREPARED A LIST OF MEASURES THAT MIGHT BE TAKEN  
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ON THE SUPPLY SIDE: A. THE USE OF DEVELOPMENT

ASSISTANCE, EXPORT CREDITS AND RESEARCH MINISTRY FUNDS AS EITHER A POSITIVE OR A NEGATIVE INCENTIVE; B. CHANGES IN GATT RULES TO FOCUS MORE ATTENTION ON ASSURANCE OF SUPPLIES; C. COMMODITY AGREEMENTS; D. EXPORT RESTRICTIONS; E. INCREASED DEVELOPMENT ASSISTANCE IN THE COMMODITY AREA WORLDWIDE AS A MEANS OF INCREASING SUPPLIES IN GENERAL; F. INCREASED FLEXIBILITY IN THE USE OF EXISTING INSTRUMENTS (E.G. EXPORT CREDITS, INVESTMENT GUARANTEES) FOR PROMISING RAW MATERIALS PROJECTS. PASDACH SAID THAT THE COMMITTEE HAS HAD ONLY A GENERAL DISCUSSION OF THESE POSSIBILITIES.

6. THE FUTURE OF THIS COMMITTEE REMAINS UNCLEAR AND THUS FAR IT HAS RAISED MORE QUESTIONS THAN PROVIDED ANSWERS. WE WILL CONTINUE TO FOLLOW ITS PROGRESS AND WILL REPORT AS NEW DEVELOPMENTS TAKE PLACE.  
HILLENBRAND

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COMMODITIES, IMPORTS, SUPPLIES, POLICIES, PETROLEUM, PRICES, MINISTERIAL MEETINGS, POLITICAL SITUATION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 11 APR 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974BONN05949  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D740084-0273  
**From:** BONN  
**Handling Restrictions:** n/a  
**Image Path:**  
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**Legacy Key:** link1974/newtext/t19740449/aaaabsnc.tel  
**Line Count:** 188  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** STATE 69651 (NOTAL)  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 01 APR 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <01 APR 2002 by boyleja>; APPROVED <06 JUN 2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** COMMODITY SUPPLY PROBLEMS  
**TAGS:** ECON, ETRD, GE, (PASDACH)  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005